

Received **FRANCHISE DISCLOSURE DOCUMENT**

LA Mailroom

OCT 22 2018

Department of
Business Oversight

House of Trix, LLC
a Delaware Limited Liability Company
86 N. University Avenue, Suite 350
Provo, Utah 84601
(385) 985-1030
www.defy.com

DEFY businesses are indoor trampoline and entertainment parks geared toward customers seeking the freedom to engage in stunts and tricks at facilities offering extreme indoor air sports, including trampolines, obstacle courses, foam pits and competition (each, a "Park").

The total investment necessary to begin operation of a new DEFY Park ranges from \$2,558,000 to \$4,155,000. This includes \$60,000 to \$65,000 that must be paid to the franchisor or its affiliate. This estimated initial investment also applies to the first location that you develop under the Multi-Unit Development Agreement (plus the Multi-Unit Development Fee you pay at the time you sign the Multi-Unit Development Agreement). If you sign a Multi-Unit Development Agreement, you will pay a Multi-Unit Development Fee of \$60,000 for your first location plus \$40,000 for each additional location you want to secure. Typically, the minimum number of units to purchase a Multi-Unit Development is 3 locations, but we may offer a 2-unit Multi-Unit Development Agreement. The total investment necessary to purchase a 3-unit Multi-Unit Development and open your first facility ranges from \$2,638,000 to \$4,235,000. This also includes \$140,000 to \$145,000 that must be paid to the franchisor or its affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Steve Jolton at (310) 734-0300 ext. 329.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: October 18, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit "A" for information about the franchisor, or about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise.

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION OR LITIGATION IN THE CITY WHERE OUR CORPORATE HEADQUARTERS IS LOCATED (CURRENTLY, PROVO, UTAH). OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN THAT LOCATION THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT DELAWARE LAW GOVERN THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THIS FRANCHISOR IS IN THE EARLY STAGE OF DEVELOPMENT AND HAS LIMITED EXPERIENCE WITH FRANCHISING. THEREFORE, THIS FRANCHISE OPPORTUNITY PRESENTS MORE RISK THAN THAT OF A COMPANY WITH A LONGER OPERATING HISTORY.
4. THE PRIMARY TRADEMARK THAT YOU WILL USE IN YOUR BUSINESS IS NOT FEDERALLY REGISTERED. IF THE FRANCHISOR'S RIGHT TO USE THIS TRADEMARK IN YOUR AREA IS CHALLENGED, YOU MAY HAVE TO IDENTIFY YOUR BUSINESS AND ITS PRODUCTS OR SERVICES WITH A NAME THAT DIFFERS FROM THAT USED BY OTHER FRANCHISEES OR THE FRANCHISOR. THIS CHANGE CAN BE EXPENSIVE AND MAY REDUCE BRAND RECOGNITION OF THE PRODUCTS OR SERVICES YOU OFFER.
5. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$2,558,000 TO \$4,155,000 (AND THE MULTI-UNIT DEVELOPER FROM \$2,638,000 TO \$4,235,000). THESE AMOUNTS MAY

EXCEED THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF JULY 31, 2018,
WHICH IS \$346,048.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

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